

Message Text

CONFIDENTIAL

PAGE 01 STATE 269310

53

ORIGIN L-02

INFO OCT-01 NEA-06 ISO-00 PM-03 CIAE-00 INR-05 NSAE-00

RSC-01 MC-01 AID-05 IGA-01 SS-15 OMB-01 TRSE-00 /041 R

DRAFTED BY L:L/PM:T.A.BOREK:EDK

APPROVED BY L:L/PM:J.H.MICHEL

NEA/ARN - D.A.KORN

OSD/GC - J.SILBER

PM/SAS - D.JAMES

----- 000941

R 091547Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY AMMAN

INFO SECDEF

USCINCEUR

USCINCSO

CINCPAC HONOLULU HI

C O N F I D E N T I A L STATE 269310

E.O. 11652:GDS

TAGS: MASS, JO, US

SUBJ: DISPOSAL OF MAP EQUIPMENT

REF: AMMAN 3534 OF JUNE 19, 1974

1. REGRET DELAY IN REPLYING TO REFTEL. QUESTIONS POSED
PARA 2 REFTEL RAISE NUMBER OF COMPLEX LEGAL AND FINANCIAL
ISSUES IN VIEW OF FAA SECTION 505(F) WHICH WILL HAVE TO
BE RESOLVED BEFORE DEFINITIVE RESPONSE MAY BE FORTHCOMING.

2. THRESHOLD ISSUE IS WHETHER ANY SALE OF REVERSIONARY
RIGHTS TO MAP-ORIGIN MATERIAL UNDER FAA SECTION 505(A)(4)
WOULD IN FACT BE COMPATIBLE WITH LETTER AND INTENT OF NEW
FAA SECTION 505(F). AFFIRMATIVE ANSWER TO THIS QUESTION
WOULD GIVE RISE TO SECOND ISSUE, NAMELY WHAT PRICING
FORMULA NEED BE EMPLOYED SO AS TO ENSURE COMPLIANCE WITH
PURPOSE OF SECTION 505(F) THAT MAP RECIPIENTS NOT PROFIT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 269310

FROM DISPOSITION OF EQUIPMENT OR OTHER MATERIEL FURNISHED

THEM UNDER MAP. WHILE AN ARGUMENT COULD BE MADE THAT SECTION 505(F) WOULD BE SUFFICIENTLY FLEXIBLE, WITHOUT AMENDMENT, TO ACCOMMODATE SALE OF REVERSIONARY RIGHTS AT PRICE REPRESENTING ESTIMATED VALUE OF ARTICLE AT END OF USEFUL LIFE (WHEN IT WOULD ORDINARILY BE RETURNED TO USG AS EXCESS TO NEEDS OF RECIPIENT) DISCOUNTED IN TERMS OF PRESENT DOLLARS, WE WOULD NOT WISH TO PROCEED ABSENT FULL CONSULTATIONS WITH GAO AND WITHOUT THEIR CONCURRENCE IN

LEGAL AND FINANCIAL ASPECTS.

3. INsofar AS PRE-505(F) PRACTICE (PARA. (H) REFTel) IS CONCERNED, IN 1962, USG AGREED TO SELL MAP REVERSIONARY RIGHTS TO FRG AT A PRICE BASED LARGELY ON SCRAP VALUE OF SEVEN AND ONE-HALF PERCENT OF THE ESTIMATED ORIGINAL ACQUISITION COST. UNDER AGREEMENT FRG GAINED RIGHT THEREBY, SUBJECT TO CERTAIN DETAILED THIRD-PARTY TRANSFER RESTRICTIONS, TO SELL MAP-FURNISHED ITEMS PRIOR TO END OF USEFUL LIFE AT PRICES WHICH COULD GREATLY EXCEED AMOUNT PAID TO USG, AND FRG COULD RETAIN THE PROCEEDS OF SUCH SALES. UNDER SAME AGREEMENT USG COULD REPURCHASE MAP-FURNISHED ITEMS FROM FRG AT SEVEN AND ONE-HALF PERCENT FIGURE ONLY IF USG DETERMINED THAT USG "REQUIRED ANY SUCH ITEM FOR THE DEFENSE OF THE FREE WORLD," AND NOT SIMPLY TO PREVENT FRG FROM CONCLUDING A PROFITABLE SALE. LEGISLATIVE HISTORY OF SECTION 505(F) FAA, ADDED IN 1973, CASTS DOUBT AS TO LEGALITY OF MAKING A NEW AGREEMENT ALONG LINES OF 1962 USG-FRG AGREEMENT, PARTICULARLY WITH COUNTRY CURRENTLY RECEIVING US ECONOMIC AND MILITARY ASSISTANCE. INDEED, THAT HISTORY SUGGESTS THAT USG SHOULD AVAIL ITSELF OF ANY RIGHTS IT NOW HAS, CONSISTENT WITH EXISTING US AGREEMENTS, TO PREVENT MAP RECIPIENTS FROM CONCLUDING ANY PROFITABLE SALE OF MAP-FURNISHED ITEMS FOR THEIR OWN ACCOUNTS (EVEN THOUGH RECIPIENTS PAY USG AN AMOUNT BASED ON ESTIMATED SALVAGE VALUE AT END OF ITEMS' USEFUL LIFE).

4. IT SHOULD ALSO BE NOTED THAT PROCEEDS OF SALE OF MAP REVERSIONARY RIGHTS WOULD PRESUMABLY BE DEPOSITED TO TREASURY MISCELLANEOUS RECEIPTS AS ARE FOREIGN CURRENCY RECEIPTS UNDER SECTION 505(F) FAA IN ORDER TO AVOID

CONFIDENTIAL

PAGE 03 STATE 269310

APPEARANCE OF CIRCUMVENTION OF THAT PROVISION. NEITHER MAP ACCOUNT (INCLUDING JORDAN MAP) NOR OTHER US ACCOUNTS WOULD THUS BENEFIT FROM SUCH A SALE.

5. IN ANY EVENT, SINCE THERE WOULD BE NO OBVIOUS BENEFIT TO JORDAN IN PURCHASE OF REVERSIONARY RIGHTS TO DEFENSE ARTICLES ALREADY IN ITS POSSESSION UNDER ANY FORMULA CONSISTENT WITH SECTION 505(F), WE WOULD NOT BE IN

POSITION TO DISCUSS MATTER WITH GAO IN ABSENCE SOME CLEAR
JUSTIFICATION FOR SALE OF REVERSIONARY RIGHTS TO JORDAN.
NEED FOR SUCH JUSTIFICATION IS EMPHASIZED BY FACT THAT
JORDAN REMAINS BENEFICIARY OF EXTENSIVE MAP AND OTHER
USG ASSISTANCE. EMBASSY MAY WISH TO RECONSIDER QUESTION
OF SALE OF MAP REVERSIONARY RIGHTS TO JORDAN IN THIS
LIGHT. KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY EQUIPMENT, MILITARY SALES, FOREIGN ASSISTANCE LAW
Control Number: n/a
Copy: SINGLE
Draft Date: 09 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE269310
Document Source: CORE
Document Unique ID: 00
Drafter: L/PM:T.A.BOREK:EDK
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740356-1014
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741250/aaaabqii.tel
Line Count: 122
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: AMMAN 3534 OF JUNE 19, 1974
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 AUG 2002 by izenbei0>; APPROVED <18 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DISPOSAL OF MAP EQUIPMENT
TAGS: MASS, JO, US
To: AMMAN
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005